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C O N F I D E N T I A L JERUSALEM 004239

SIPDIS

SIPDIS

NEA FOR FRONT OFFICE; NEA/IPA FOR WILLIAMS/MAHER/STEINGER;
NSC FOR ABRAMS/DORAN/WATERS; TREASURY FOR
SZUBIN/LOEFFLER/NUGENT/HIRSON

E.O. 12958: DECL: 09/20/2016
TAGS: [ECPS](#) [EINV](#) [PGOV](#) [KWBG](#) [IS](#)
SUBJECT: KUWAITI COMPANY GRANTED SECOND PALESTINIAN MOBILE
PHONE LICENSE

REF: JERUSALEM 1286

Classified By: Acting Principal Officer Thomas Duffy, Reasons 1.4 (b) a
nd (d).

¶1. (SBU) PA Minister of Telecommunications Jamal al-Khoudari announced publicly September 18 that the Kuwaiti telecommunications company Wataniya Telecom has been awarded the second mobile phone operating license for the West Bank and Gaza. (Note: Palestine Cellular Communications Ltd. (Jawwal) had been the sole provider of cellular phone service in the West Bank and Gaza since 1999. The PA issued the tender March 28, two days before the new Hamas-led cabinet took office (reftel). End note.) Wataniya reportedly bid USD 355 million for the license, and agreed to pay seven percent of the new provider's annual income to the PA Treasury, according to local press reports. Al-Khoudari said that Wataniya will have a 40 percent share in the new cellular company. The Palestine Investment Fund (PIF) will own a 30 percent stake, and 30 percent of the shares will be made available to the public through the Palestinian Securities Exchange (PSE).

¶2. (C) PA Presidential Economic Advisor and PIF CEO Mohammed Mustafa told EconChief September 19 that Wataniya is not expected to pay the USD 355 million to the Treasury until the Israeli government allocates the necessary frequencies for the second cellular provider. He acknowledged that this was unlikely to occur under a Hamas-led government. He added that the money would go to the PA Treasury, but the PIF planned to request a large portion as compensation for PIF disbursements on behalf of the PA for the last two years. Whatever portion the PIF is able to obtain will likely be used to finance PIF's investment obligations in the new company, Mustafa said.

¶3. (SBU) Jawwal's parent company, Palestinian Telecommunication Co. (PalTel), placed ads in the main Arabic-language daily newspapers September 19 congratulating Wataniya and the Palestinian people and also noting that the establishment of a second cellular company is good for competition and transparency.
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